



Q4 2023

## Antero Peak Group — Investor Update

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## Quarter and Year in Review

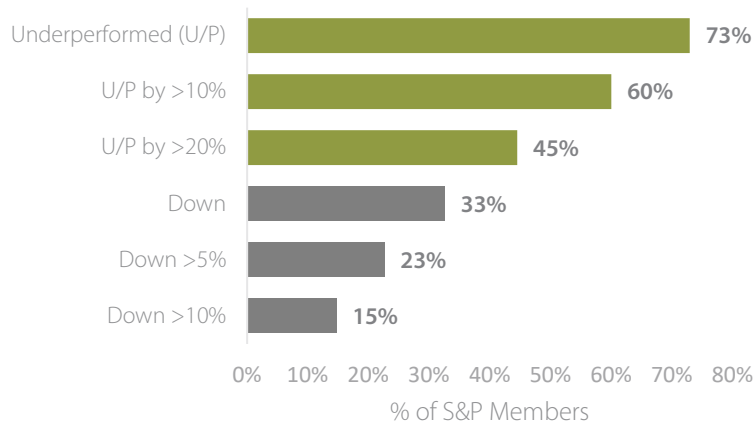
- Big Tech stocks, now better known as the 'Magnificent 7', dominated the market in 2023 and gained an incredible 76%.
- The S&P 500 finished the year up 26.3%, yet the equal-weighted S&P 500 gained just 13.9%. The Antero Peak Strategy returned 15.9%.
- Our top contributors for the year were much more balanced than the S&P 500 and included winners in Semiconductors, Industrials, Software, Materials and Consumer sectors vs. the S&P 500's all tech attribution and Eli Lilly (which were fueled by megatrends).

Returns Since Inception	Cumulative	Annualized	Annualized Alpha
Antero Peak Strategy	161.7%	15.5%	--
S&P 500® Index	125.3%	12.9%	2.6%
S&P 500® Equal Weight Index	97.3%	10.7%	4.8%

YTD Returns (2023)	Total Return
Antero Peak Strategy	15.9%
S&P 500® Index	26.3%
S&P 500® Equal Weight Index	13.9%

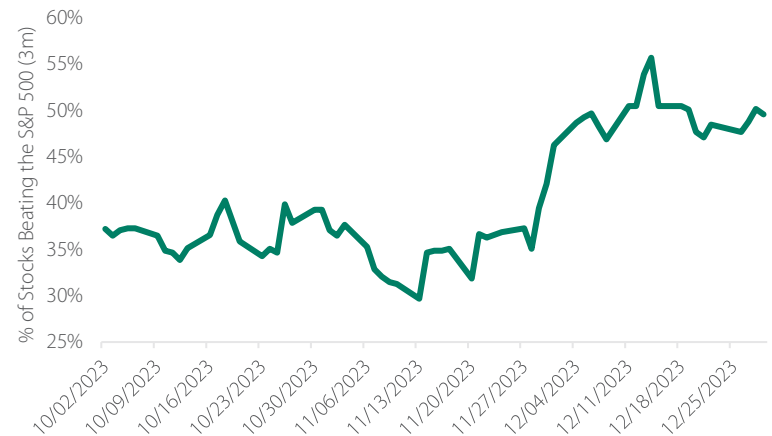
### An Incredible 73% of the of S&P 500 Members Lagged the Index in 2023

#### Member Performance by Category



### Q4 2023 Displayed Increased Breadth Leading to More Predictable Performance

#### % of S&P 500 Constituents Beating the Index Returned to Historical Avg.



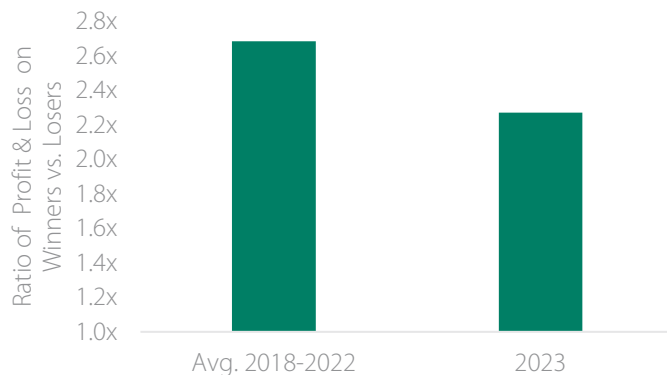
Source: Bloomberg/FactSet/S&P/PSC Macro. As of 31 Dec 2023. The S&P 500 Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The "Magnificent 7" includes Apple Inc, Microsoft Corp, Meta, Alphabet Inc, Tesla, Amazon.com Inc and Nvidia. **Past performance does not guarantee and is not a reliable indicator of future results.** Composite inception: 1 May 2017. Based on net of fees composite returns for the Antero Peak Strategy. See Notes and Disclosures pages for portfolio weights.

## Process Execution Was Encouraging

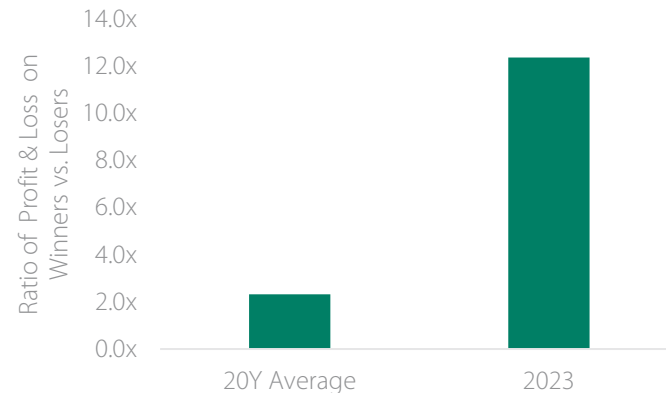
### Remaining disciplined to our investment philosophy after an unusual year

- The benchmark itself was sized optimally, gaining 12x as much on winners than it lost on losers compared to a long-term average of 2.6x (a 3 standard deviation event from the typical mean).
- Our process is focused on three key pillars, supported by strong empirical evidence: Inflection points that can lead to broad based, often industry-wide accelerations that can then lead to high and sustained upward estimate revisions. This trend often leads to rising Return on Invested Capital (“ROIC”) that can lead to multiple expansion.
- Despite headline results in 2023, we feel we executed against these process objectives quite well. Our slugging rate (winners winning bigger and losers losing smaller) was consistent with historical norms. Our work was outshined by several large names that ran higher despite steady negative earnings revisions throughout the year (Apple and Tesla in particular).
- **A pair of 3 standard deviation results in batting average and slugging percentage simply made the index very hard to beat this year.**

#### Our Slugging Rate Was Similar to Historical Norms but Fell Dramatically below the S&P 500’s YTD Historical Antero Peak Slugging



#### The S&P 500’s Slugging Rate was Off-the-Charts, Once in a Career at Best Ratio of Gains on Winners vs. Losses on Losers



Source: Antero Peak Group/Bloomberg/S&P. As of 31 Dec 2023. Past performance does not guarantee and is not a reliable indicator of future results. Based on net of fees composite returns for the Antero Peak Strategy. Slugging Rate measures the average gains on winners divided by the average losses on losers. See Notes and Disclosures pages for portfolio weights.

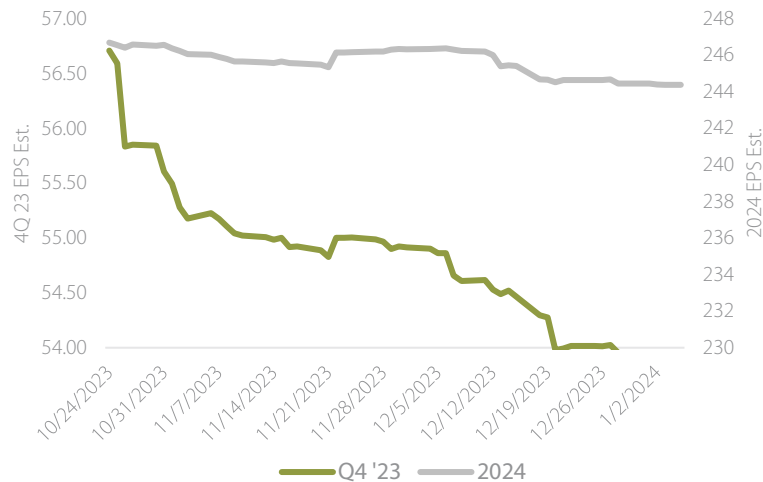
# Portfolio Earnings and Market Outlook

## Earnings estimates remain constant, though markets overall still face important risks

- The negative earnings revisions cycle that began 18 months ago is clearly maturing, yet risks remain.
- Fourth quarter's estimates were cut 5% during the quarter, yet 2024 estimates remained unchanged setting up a steep ramp in estimates.
- Also of note is the decoupling of the relationship of the S&P 500 Index to the jobs market, which was 95% correlated over the last 20 years.
- This tight correlation recently broke down in dramatic fashion – job openings are quickly falling while equity markets are rapidly rising. Historically, employment data has been an important indicator for market direction.
- We continue to proceed with caution and favor companies that have strong moats and maintain the ability to hold pricing power in the face of inflation oscillations and uncertainty.

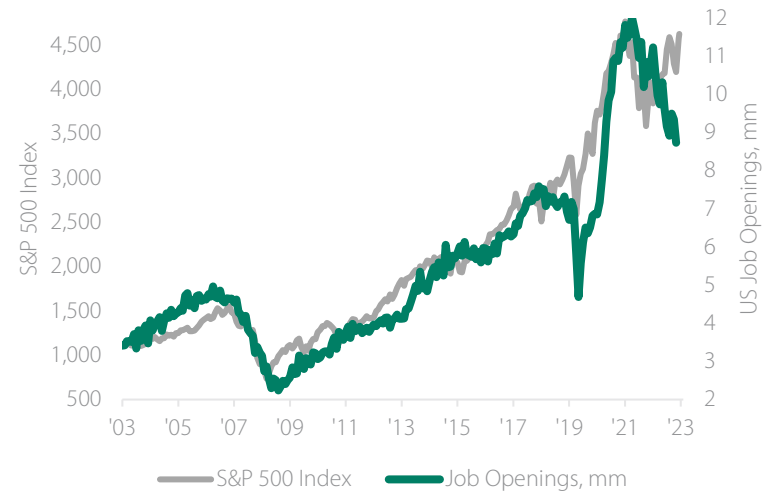
### S&P 500 Earnings Estimates

#### 4Q 2023 EPS Estimates vs 2024 EPS Estimates



### Job Openings Correlation with the S&P 500 has Decoupled

S&P 500 Index vs US Job Openings; 20 Years 95% Correlated



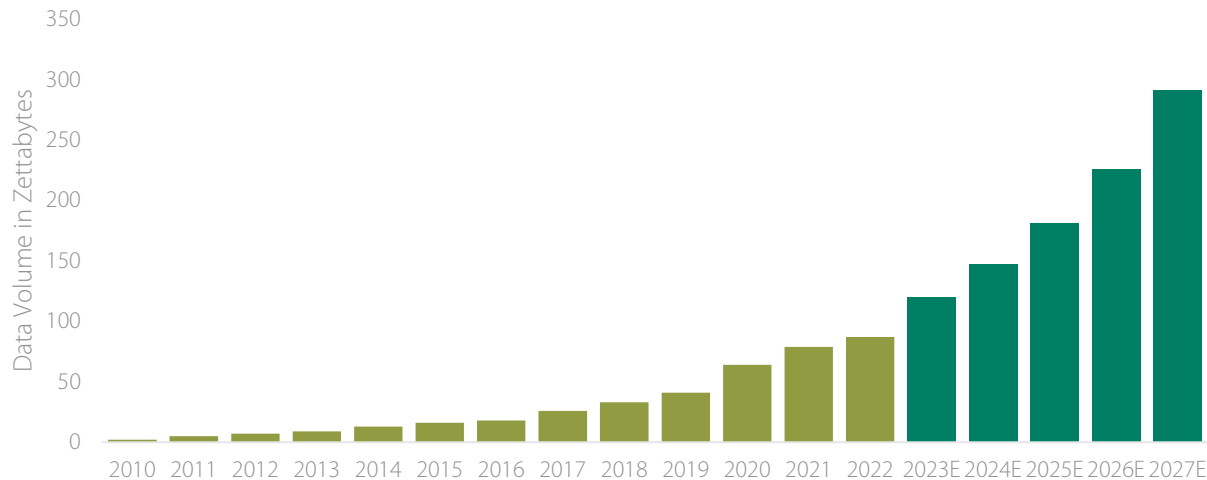
Source: Antero Peak Group/Bloomberg/FactSet/S&P. As of 31 Dec 2023. Past performance does not guarantee and is not a reliable indicator of future results

## Industrial Implications of Artificial Intelligence Expand Opportunity Set

- Power generation (legacy and renewable), electrical equipment, and cooling technologies are set to see an explosion in demand.
- This inflection is overlapping with our De-Globalization theme as we expect electrical demand at data centers to increase 50% by 2027.
- AI applications, which utilize graphic processing units, draw 2.0-2.5x the electricity of traditional computer processing units (CPUs).
- The growth in total data created globally is expected to more than triple over the next five years ('27e vs. '22).
- Data center operators will be required to upgrade existing electrical equipment and adapt more advanced cooling technologies—only 5% of data centers currently have any form of liquid cooling, which is critical component to run GPUs.
- The build-out of AI and burden on the overall power grid in the United States will likely keep utility capex elevated, providing extended visibility for companies like Quanta and GE Vernova which have direct exposure to these secular trends.

The Volume of Data Captured, Copied and Consumed over the Next 5 Years Will Double the Total Amount of the Prior 12 Years

Annual Volume of Data Captured, Copied and Consumed



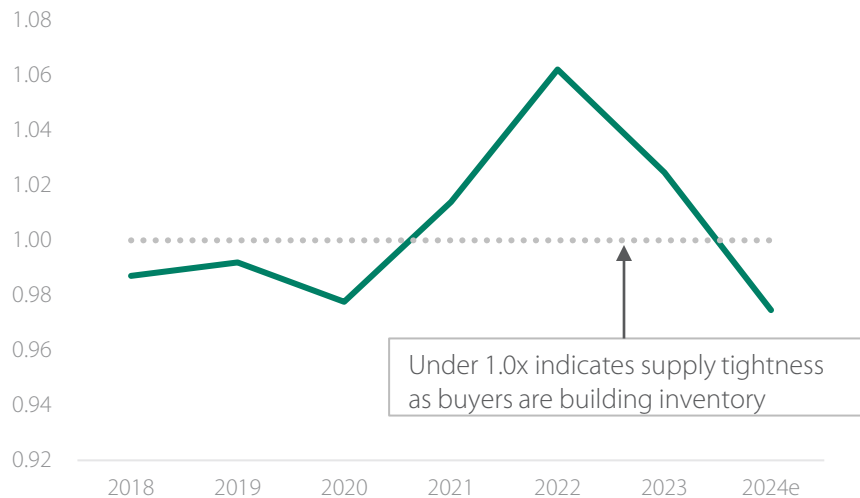
Source: Antero Peak Group/Statista; Vertiv Investor Day 2023; TD Cowen. As of 31 Dec 2023. Estimates are based on the team's analysis and are subject to material revision.

# AI is also Driving a Collision of Cyclical and Secular Forces in Memory

- We are at the edge of an AI-driven memory upcycle which has created a brand-new, more profitable market for DRAM players in the form of HBM or “high-bandwidth memory.”
- Unprecedented supply discipline from the industry is driving meaningful increases in DRAM pricing as demand will grow ahead of supply in 2024 for the first time since 2020.
- Memory content per accelerator is 4x-8x greater than that of traditional servers while we anticipate that the HBM market will increase 7x between 2023 to 2026. This adds high-teens to the annual overall DRAM revenue growth rate in 2025/2026.
- Industry participants are fully sold out of their HBM capacity for 2024, providing a leading indicator for the forthcoming pricing and ASP benefits.
- **Cyclical inflection points amplified by secular forces have been the building blocks of many of our most profitable trades in the Antero Peak Group’s history.**

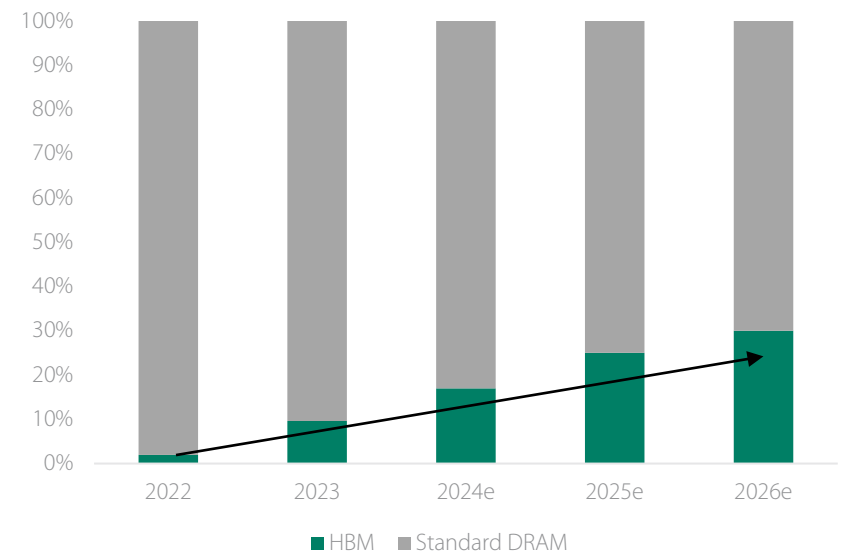
## Supply is Tightening Creating Favorable Cyclical Conditions

DRAM Consumption Per Shipment










## High Bandwidth Memory or “HBM” is At a Sharp Inflection Point in Usage

HBM Market Share



Source: Antero Peak Group/Arete Research. As of 31 Dec 2023. Estimates are based on the team’s analysis and are subject to material revision.

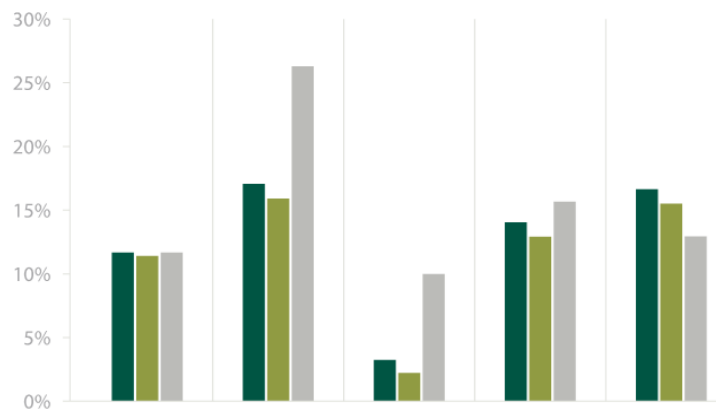
## Multiple Exciting Areas to Execute our Process

	<b>Aero Normalization</b>	<b>NO CHANGE</b>	Aerospace is cyclically inflecting ahead of a long duration upcycle supported by secular growth of the global middle class <i>Companies: Boeing Co., General Electric Co., Howmet Aerospace, TransDigm Group, Safran SA</i>
	<b>Data Monetization</b>	<b>EXPANDING OPPORTUNITY</b>	Machine learning, AI, and cloud are causing the economic value of data to structurally accelerate through new products and applications <i>Companies: Allstate, CME Group, DraftKings, Progressive, S&amp;P Global, Verisk Analytics</i>
	<b>De-Globalization</b>	<b>EXPANDING OPPORTUNITY</b>	Redirection of capital on post pandemic priorities for security of energy and reliability of supply chains <i>Companies: Canadian Pacific Kansas City, Ecolab, Linde PLC, Quanta Services</i>
	<b>Digitization of Commerce</b>	<b>NO CHANGE</b>	Consumers are shifting their consumption habits towards online methods of discovery, engagement, and acquisition of products <i>Companies: Amazon.com Inc, Estee Lauder, Fidelity National Information Services, NIKE, Visa</i>
	<b>Medical Innovations</b>	<b>EXPANDING OPPORTUNITY</b>	Structural growth in global R&D for scientific advancement across biologics, cell and gene therapy, obesity, Alzheimer's, and genetic sequencing <i>Companies: Agilent Technologies, Avantor, Bio-Techne, Danaher, Eli Lilly &amp; Co., Intuitive Surgical, Mettler-Toledo International, Thermo Fisher Scientific</i>
	<b>Network Infrastructure Modernization</b>	<b>EXPANDING OPPORTUNITY</b>	Industries exposed to companies handling the immense amounts of digital information <i>Companies: Crown Castle, Equinix</i>
	<b>Transformation of the Enterprise</b>	<b>EXPANDING OPPORTUNITY</b>	Digital transformation is a paradigm shift, and we see a major inflection demand for the companies that enable the transformation through software, services, and AI <i>Companies: Adobe, Advanced Micro Devices, Marvell Technology, Micron Technology, Microsoft, MongoDB, NVIDIA, Taiwan Semiconductor Manufacturing Co.</i>

Examples are provided for illustrative purposes only and are not indicative of characteristics of all securities held in the portfolio. See Notes and Disclosures pages for portfolio weights.



## Investment Results



## Average Annual Total Returns

(%) as of 31 Dec 2023

	QTD	1 Yr	3 Yr	5 Yr	Annualized Returns Inception	Cumulative Returns Inception
■ Composite: Gross	11.69	17.08	3.25	14.05	16.65	179.58
■ Composite: Net	11.43	15.93	2.22	12.93	15.51	161.74
■ S&P 500® Index	11.69	26.29	10.00	15.68	12.94	125.26

## Annual Returns

(%) Trailing 12 Months Ended 31 Dec

	2019	2020	2021	2022	2023
Composite: Net	32.80	29.53	23.95	-25.67	15.93

Source: Artisan Partners/S&P. Past performance does not guarantee and is not a reliable indicator of future results. Gross- and net-of-fees performance shown for the Composite. Current performance may be lower or higher than that shown. Returns for periods less than one year are not annualized. Composite inception: 1 May 2017. The Strategy's investments in initial public offerings (IPOs) made a material contribution to performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future.

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